IOWA FINANCE
AUTHORITY

IowaFinanceAuthority.gov

800.432.7230

HOUSING TAX CREDIT PROGRAM

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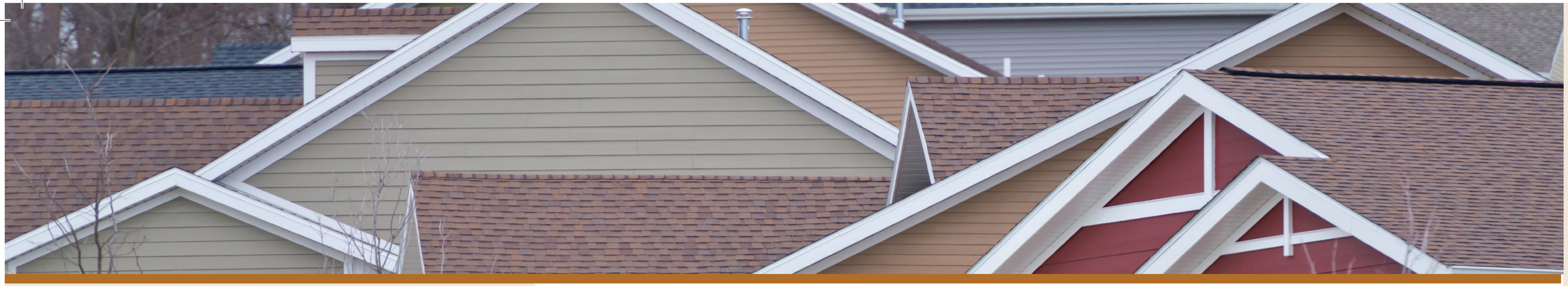
ABOUT HOUSING TAX CREDITS

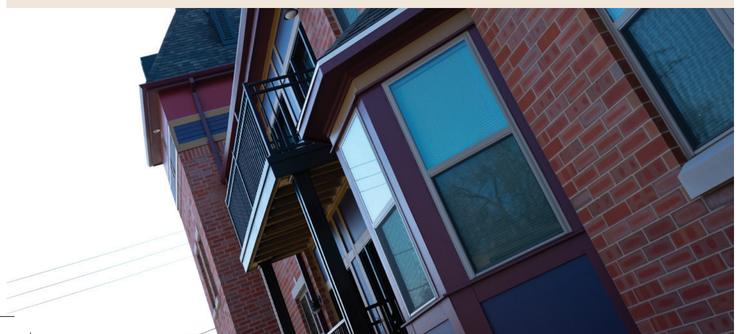
Created by the Tax Reform Act of 1986, the Low-Income Housing Tax Credit (LIHTC) provides an incentive for project owners to invest in the development of rental housing for individuals and families with fixed or limited incomes. The tax credit is a dollar-for-dollar reduction that offsets an owner's federal tax liability on ordinary income for a 10-year period.

As the Housing Tax Credit allocating agency for the state, the Iowa Finance Authority has helped create nearly 21,000 Housing Tax Credit units throughout Iowa.



IOWA HOUSING TAX CREDIT PROGRAM

1. An administrative review is conducted on each application in the competitive round.
2. If an applicant submits the market analysis and application fees, and meets the threshold criteria, the application will be competitively scored.
3. If the application scores high enough to be competitive, a reservation of tax credits will be recommended to the Iowa Finance Authority Board of Directors.
4. Once the Iowa Finance Authority Board of Directors approves reservations, a non-refundable reservation fee is assessed at 1% of the total 10-year tax credit amount.



AWARDS

Awards are made on an annual basis. The amount of credit is limited to no more than the amount necessary for the project and is determined by taking a percentage of the "qualified" cost of development.

AN INVESTMENT

Investors who purchase housing tax credits generate equity for the housing developer to finance project construction. As an investor, you can realize a competitive return on investment, support local projects and economic development, and take pride in providing safe, decent and affordable housing for local residents.

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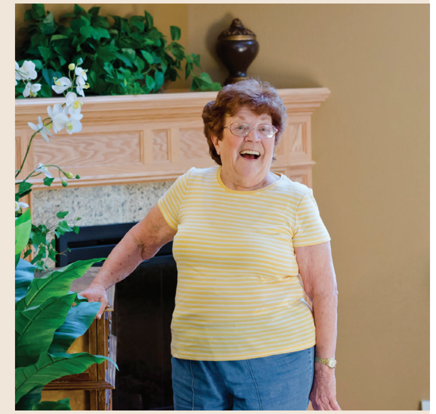
PROJECT ELIGIBILITY

- Applicants may be individuals, nonprofit and for-profit entities.
- The project must be a residential property and meet the following requirements:
  - Is an apartment, single-family house, duplex or rowhouse.
  - Is a new construction, substantial rehabilitation, acquisition and rehabilitation project, or an adaptive reuse project.
  - The project must select one of two minimum set-aside unit requirements to serve families meeting Area Median Gross Income (AMI) eligibility requirements:
    - 20% or more of the units are occupied by individuals/families whose income is 50% or less than the AMI. All LIHTC units must be at or below 50% AMI.
    - 40% or more of the units are occupied by individuals/families whose income is 60% or less than the AMI. All LIHTC units must be at or below 60% AMI.

WHO IT HELPS

Apartments financed with Housing Tax Credits help stabilize neighborhoods by improving housing quality and supply. These affordable housing developments often attract young professionals, working families, seniors or persons with disabilities who are unable to maintain a house but want to live independently.



At the time of the application, developers must select one of two income elections that the tenants must fulfill. The property may target tenants who earn no more than 50% or 60% of the AMI. The U.S. Department of Housing and Urban Development determines the area median income of each county and the maximum rents for each.

Examples of maximum median incomes for a one-person household from both an urban and rural county, based on 2013 data, is below.

Delaware County:	Polk County:
60% AMI: $26,760	60% AMI: $30,660
50% AMI: $22,300	50% AMI: $25,550